

BY ELECTRONIC MAIL

Mr. J. Barry Wood

Director, Assessment Division

Department of Local Government Finance

Dear Mr. Wood:

Attached is the Porter County Equalization Study of updated 2006 assessments. This study is in Excel format and includes required data and statistical calculations by class and Township.

In addition to required data and calculations, we have included assessment data at the time of sale and statistical calculations for that data. 2006 Land AV, 2006 Imp AV and 2006 Total AV represent assessments of the property at time of sale, while 2007 Land AV, 2007 Imp AV and 2007 Total AV represent trended valuations once the update factors are applied to existing valuations. As was the case in 2006, the Sales Comparison Approach to Value was the primary approach used to determine trending factors for the 2007 Assessment Year. In Boone Twp 2004 sales were included in one neighborhood but these sales were time adjusted 2% per year. Some parcels have sold twice during the allotted time frame of January 1, 2005 thru December 31, 2006. Those sales have been double checked for validity.

The commercial and industrial equalization studies are included for each property class group. The commercial improved and vacant studies were run on a township basis except when there were fewer than 5 sales. The townships with few sales have a combined analysis. The industrial improved and unimproved classes needed to be run on a county-wide level due to a lack of sales. We are aware that the median for industrial vacant class is .895 which is .005 below the .90 threshold, however the mean of .935 is within the range and with so few sales, the confidence level overlaps acceptable range so we hope you will find this acceptable.

A few sales outside the 2005 and 2006 period were included when there were neighborhoods or property types that did not have an adequate number of sales. Those sales were time adjusted. Surprisingly, the pairs of sales we found for our time adjustment factor, indicated the change to be 5% per year.

The Income Approach was being calculated with the IncomeWorks program; we became aware that we had problems with the land values. All base unit land values were reviewed/re-priced. Many neighborhoods were added and other areas were adjusted. The base rates for the best retail areas were more than doubled, while rural areas did not require much adjustment from the 2002 reassessment. The land values were adjusted for items such as size, location and density of use on a parcel level.

With base land values revised, we could again look at the IncomeWorks program to support the cost and market driven improvement factors. We looked at the Marshall & Swift Commercial Valuation Manual and found that construction costs have increased 29 to 34 percent. Due to the limitations of our soon to be replaced CAMA system, we were not able to update the cost directly, so we considered all those factors to arrive at the market improvement factors.

A workbook listing 2006 and 2007 assessed values for all parcels of real estate is being generated by our software vendor and the County IT Department. It will be forwarded to you in the near future.

Should you or your staff require additional information please contact our office (219) 465-3371.

Sincerely,

John R. Scott

Porter County Assessor

JRS/rs